

STATE OF MICHIGAN
FAMILY INDEPENDENCE AGENCY

MEMORANDUM

To: Dawn Shattuck, Chief Information Officer

Date: February 24, 1999

From: Rita Barker, Director
Office of Internal Audit

Subject: Computer Inventory, Sanders Road Facility
Assignment # 99-030

On December 21, 1998, the Office of Internal Audit performed a review of the inventory records for computer equipment located at the Sanders Road Information Technology Management Services (ITMS) Facility. We selected a random sample of types of equipment, conducted a physical inventory of items of each type on hand at the facility, and compared the physical inventory to the inventory records.

Overall Assessment:

Based on our review, we conclude that the internal controls in place for the overall system of recording and disbursing computer equipment were adequate. However, we noted the following errors, which caused the inventory records to be incorrect:

1. We found at two items at two separate locations in the inventory records, an Acer33DX Computer and a Laserjet 4 printer, that were transferred out or not at the listed location. We examined 18 of 89 locations. Each location has distinctly different computer equipment. The two items listed were not like the other items at that location. The printer was transferred to an out location and the computer was not found. For proper control, procedures should be in place to verify that all equipment additions, disposals, and transfers are recorded on the inventory records.

WE RECOMMEND that ITMS ensure that all additions, disposals, and transfers are properly recorded on the inventory records.

2. The total number of items listed on the inventory records did not match the actual number of items on hand at that location for four of the 18 locations reviewed. For proper control, procedures should be in place to ensure that the inventory records accurately reflect the number of items for each location.

WE RECOMMEND that ITMS ensure that the items listed on the inventory records are actually in the facility at the specified location.

3. ITMS did not verify the accuracy of inventory records for items received into their inventory from other locations. Rather, ITMS accepted the records that were sent in to them, and entered the information into their inventory records. We found four items in our sample where the serial number recorded in the inventory records was incorrect. Also, by observing the various serial numbers recorded for the same type of items, we concluded the records had many incorrect serial numbers. For proper control of items in inventory, procedures should be in place to trace the item to the inventory records and have the proper serial number recorded for each item.

WE RECOMMEND that ITMS ensure that all items on the inventory records match the items in the facility.

Note: As a result of our review a complete inventory of the computer equipment was being taken.

We were subsequently informed by the Acting Warehouse Manager that he agreed with the findings and recommendations in this memo. He further stated that they were taking corrective action on these items.

Please contact me at 3-8770 if you have any questions.

We thank your staff for their cooperation and assistance during this review.

cc: M. Jasonowicz
A. Shah
D. Mayes